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MAR 25 2014

Attorney for Debtor

DIV. OF OIL, GAS & MINING

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH**

In re:

MINERAL RESOURCES
INTERNATIONAL, INC.

Debtor(s).

Bankruptcy No. 13-30606

Chapter 11

Filed Electronically

**NOTICE OF MOTION FOR USE OF CASH COLLATERAL
(Objection Deadline: April 8, 2014)**

PLEASE TAKE NOTICE that the Debtor has filed with the United States

Bankruptcy Court for the District of Utah, a Motion for Use of Cash Collateral, dated March 21, 2014 (the "Motion").

YOUR RIGHTS MAY BE AFFECTED. You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. If you do not have an attorney, you may wish to consult one.

The Debtors seek approval of the Motion on April 15, 2014.

NO HEARING WILL BE CONDUCTED ON THE MOTION UNLESS A WRITTEN OBJECTION IS FILED WITH THE CLERK OF THE COURT ON OR BEFORE THE OBJECTION DEADLINE SET FORTH BELOW.

If you do not want the Court to grant the Motion, then you or your attorney must:

(1) on or before April 8, 2014 file with the Bankruptcy Court a written

Objection and Request for Hearing, explaining your position, at:

United States Bankruptcy Court
350 South Main Street, Room 301
Salt Lake City, UT 84101

If you mail your objection to the Bankruptcy Court for filing you must mail it early enough so that the Court will receive it on or before April 8, 2014. You must also mail a copy to the undersigned counsel at:

Tyler D. Hawkes
201 S. Main, Ste. 275
Salt Lake City, UT 84111

(2) attend a hearing on April 15 at 11:00 AM in Courtroom 369, United States Bankruptcy Court, 350 S Main, Salt Lake City, UT 84104. **There will no further notice of the hearing** and failure to attend the hearing will be deemed a waiver of your objection.

If you or your attorney do not take these steps, the Bankruptcy Court may decide that you do not oppose granting of the Motion and may enter an order granting the relief. In the absence of a timely filed objection, the undersigned counsel may and will ask the Court to enter an order granting the Motion without hearing.

Dated this 21st day of March, 2014.

/s/ Tyler D. Hawkes
Signature of Individual

Tyler D. Hawkes, Attorney for Debtor
Printed name of Individual

Tyler Hawkes (13063)
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DEBTOR'S MOTION FOR USE OF CASH COLLATERAL

Mineral Resources International, Inc. ("MRI" or "debtor" herein) debtor and debtor-in-possession in the above captioned Chapter 11 case, hereby moves the court pursuant to 11 USC § 363 for orders authorizing the use of cash collateral.

JURISDICTION AND VENUE

1. The above-referenced bankruptcy case was commenced by the filing of a voluntary petition under Chapter 11 of the Bankruptcy Code on September 16, 2013. Mineral Resources International, Inc., continues as debtor and debtor-in-possession in said case since the filing of the same. No trustee or creditors' committee has been appointed in this case.
2. This court has jurisdiction over this motion pursuant to 28 USC §§ 157 and 1334. Venue is proper pursuant to 28 USC §§ 1408 and 1409. This matter is a core proceeding

pursuant to 28 USC § 157(b)(2).

FACTUAL BACKGROUND

3. The Debtor registered to do business on December 26, 1995. The Debtor is a Utah Corporation with their principal place of business in Roy, Utah. The Debtor's business involves the production and sales of health products derived from minerals harvested from the Great Salt Lake. The debtor's business has continued over time with consistent sales and movement into markets around the world. Debtor's assets include real estate, machinery and equipment, inventory, work-in-process, and accounts receivable.

4. Over the last several years, debtor became embroiled in substantial litigation with a competitor, SLM, on a number of legal matters. This litigation resulted in a judgment in favor of SLM in an amount of approximately \$970,000 ("Judgment"). Prior to entry of a final verdict in the matter, the trial court issues a Prejudgment Writ of Attachment that secured the bulk concentrated mineral brines used by the debtor in the production of their materials. This judgment represents the biggest debt of any creditor by a large margin.

5. This writ, together with the final judgment, put debtor in a very difficult situation to continue operation of its business. The writ required that the debtor set aside a portion of the sales of its products for the payment of the Judgment.

6. On September 16, 2013, the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code.

RELIEF REQUESTED

7. Pursuant to section 363(c)(2) of the Bankruptcy Code, the debtor seeks an order authorizing use of cash collateral, i.e. cash from wires, credit and debit cards, and checks generated from the sales of products derived from bulk concentrated mineral brine subject to

a Prejudgment Writ of Attachment ("Attached Brine"), in order to allow the debtor to continue viable business operations.

8. That Debtor be allowed to use cash collateral from April 1, 2014 to September 30, 2014 in accordance with the pro forma budget previously filed with the Court and attached to this Order as Exhibit "A."

9. That Debtor's monthly financial reports shall provide information accessible to creditors regarding the Debtor's use of cash collateral.

10. If the Debtor's expenses exceed the budgeted amounts, or the Debtor's revenues do not meet the pro forma projections, the Debtor shall provide detailed information regarding discrepancies in the appropriate monthly financial report.

11. Payments to officers or shareholders shall not exceed the budgeted amounts set forth under the expense categories of "Selling and Marketing" and "Administrative and Office" in Exhibit "A" or 2% of gross sales revenue, whichever is less.

12. Salt Lake Minerals, et. al. (the "Judgment Creditors") shall be granted adequate protection in the form of a replacement lien in the amount of \$230,000.00 in all of the Debtor's inventory and cash.

USE OF CASH COLLATERAL AND ADEQUATE PROTECTION

13. Section 363(c)(2) of the Bankruptcy Code governs the Court's approval of the use of cash collateral and provides that a debtor "may not use, sell, or lease cash collateral...unless (A) each entity that has an interest in such cash collateral consents; or (B) the court, after notice and a hearing, authorizes such use, sale, or lease in accordance with the provisions of this section." 11 U.S.C. § 363(c)(2). Section 363(e) of the Bankruptcy Code provides that upon request of an entity that has an interest in property to be used by a debtor, the court

shall prohibit or condition such use as is necessary to provide adequate protection of such interest. 11 U.S.C. § 363(e).

14. A debtor has the burden to establish that the holder of a lien to be subordinated, or whose cash collateral will be used, has adequate protection. 11 U.S.C. § 363(p)(1).

Adequate protection must be determined on a case-by-case basis, permitting a debtor maximum flexibility in structuring its adequate protection proposal. See *In re Martin*, 761 F.2d 472, 474 (8th Cir. 1985); *In re George Ruggerie Chrysler-Plymouth, Inc.*, 727 F.2d 1017, 1019 (11th Cir. 1984). Nonetheless, "[a] debtor, attempting to reorganize a business under chapter 11, clearly has a compelling need to use 'cash collateral' in its effort to rebuild." *George Ruggerie*, 727 F.2d at 1019.

15. Debtor needs immediate authority to use the cash collateral to fund Debtor's day-to-day operations and ultimately achieve a successful reorganization. Specifically, Debtor requires the use of cash collateral for the payment of the operating expenses included in the Budget. The foregoing expenses are reasonable and necessary business expenses which must be paid in order to maintain and preserve its assets and to continue the operation of its business. Debtor currently has no present alternative borrowing source from which it can secure additional funding to operate its business. In sum, the failure to obtain authorization for the use of the Cash Collateral will be fatal to Debtor and disastrous to its creditors, both secured and unsecured.

16. As a sign of good faith, the debtor wishes to propose an adequate protection replacement lien to Salt Lake Minerals LLC ("SLM") as outlined below on the value of the Attached Brine. This will allow the debtors to continue business operations with minimal disruption, and allow for protection of any secured claim of SLM on the Attached Brine or

proceeds.

17. By this Motion, debtor seeks interim authority to use the cash collateral of SLM. The Attached Brine represents nearly all of the raw product used by the debtor for the production of its products. Without being able to use this product, and the proceeds of its sales, the debtor would be unable to fund the post-petition operations of the debtor. Debtor is not requesting or proposing any "extraordinary relief" as defined in Local Rule 4001-2(a)(1).

18. The debtor's use of cash collateral is essential to debtor's reorganization success in that debtor needs all of its cash generated by its accounts receivable to pay for debtor's post-petition operating expenses.

19. Specifically, the debtor must be able to use cash collateral to pay for all necessary post-petition operating expenses including wages, commissions, taxes, utilities, lease, raw materials, inventory, and other normal and necessary operating expenses of its mineral supplement production.

20. Approval of the use of cash collateral is necessary to enable debtor to acquire the necessary inventory and pay essential operating costs. Absent the availability of cash collateral, the debtor will not be able to acquire materials or inventory, or pay for the services that are essential to the preservation of the going-concern value of its business.

21. With respect to the issue of adequate protection, prior to granting permission to use cash collateral on a non-consensual basis, a court must find that the secured creditor is adequately protected. 11 USC § 363. *In re ProAlert, LLC*, 314 BR 436, 444 (BAP 9th Cir. 2004). 11 USC §361 states that "replacement liens" constitute adequate protection. Debtor proposes a revolving replacement lien as the most appropriate form of adequate protection under the circumstances.

22. As debtor plans to continue to use or sell the mineral brine, as is appropriate in the normal course of business, the debtor agrees to provide a revolving security interest in any bulk mineral brines up to a value of \$230,000.00. Debtor further agrees to maintain inventories that would allow for the valuation to stay roughly equal to that at the time of the Writ of Attachment.

23. Because of the nature of the market for these concentrated bulk mineral brines is limited in their raw form, the value does not fluctuate greatly over periods of time. The entitlement to and measure of adequate protection is always determined by the extent of the anticipated or actual decrease in the value of the secured creditor's collateral during the bankruptcy case. *In re First South Savings Assoc.*, 820 F.2d 700, 710 (5th Cir.1987).

24. This particular asset, despite its regular use in the business process, is not subject to depreciation in the way other raw materials may. Thus, a replacement or revolving lien in the amount of its value at the time of attachment provides adequate protection.

25. Accordingly, debtor's proposed use of cash collateral, which will generate additional cash collateral, will not prejudice SLM, but instead will further protect and preserve the value of the collateral. Debtor seeks court approval of the proposed use of cash collateral. WHEREFORE, the debtor requests that the Court enter an order authorizing the use of cash collateral and for such other and further relief as is just.

DATED this 19th day of March, 2014

THE RUDD FIRM, PC
/s/ Tyler D. Hawkes
Attorney for Debtor

EXHIBIT “A”

In re Mineral Resources International

**CASH FLOW PROJECTIONS FOR THE 6 MONTH PERIOD:
APRIL 2014 THROUGH SEPTEMBER 2014**

	March	April	May	June	July	August	September
Cash Beginning of Month	199,697.00	156,867.70	149,601.44	138,931.75	152,682.49	177,179.23	190,023.97
Income & Receipts							
Cash Sales	\$79,000.00	\$214,816.00	\$166,369.00	\$218,616.00	\$218,016.00	\$221,516.00	\$231,116.00
Accts. Rec Collections	30,000.00						
Sale of Assets							
Other							
Total Receipts	109,000.00	214,816.00	166,369.00	218,616.00	218,016.00	221,516.00	231,116.00
Expenses & Disbursements							
Rent	10,809.75	10,809.75	10,809.75	10,809.75	10,809.75	10,809.75	10,810.75
Employee Salaries	49,872.00	49,872.00	49,872.00	49,872.00	49,872.00	56,712.00	49,872.00
Employee Benefits	5,369.34	4,963.57	5,369.34	5,369.34	5,369.34	4,963.57	5,494.34
Owner/Office Salaries	12,064.00	12,064.00	12,064.00	12,064.00	12,064.00	18,096.00	12,064.00
Owner/Office Benefits	4,312.87	4,843.64	4,312.87	4,312.87	4,312.87	4,843.64	4,312.87
Taxes	9,500.00	26,600.00	9,500.00	9,500.00	9,730.00	9,500.00	9,500.00
Bank Notes Payable							
Vehicle Expenses	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Maintenance	400.00	400.00	400.00	400.00	400.00	400.00	400.00
Insurance	3,916.29	3,916.29	3,916.29	3,916.29	3,916.29	3,916.29	3,916.29
Supplies	24,490.00	66,592.96	51,574.39	67,770.96	67,584.96	68,669.96	71,645.96
Utilities	7,391.93	7,391.93	7,391.93	8,131.93	8,131.93	8,131.93	8,131.93
Professional Fees							
U.S. Trustee Fees	4,875.00			4,875.00			
Court Costs	200.00	200.00	200.00	200.00	200.00	200.00	200.00
Other (Attach List)	17,628.12	33,428.12	20,628.12	26,643.12	20,128.12	21,428.12	19,628.12
Total Disbursements	151,829.30	222,082.26	177,038.69	204,865.26	193,519.26	208,671.26	196,976.26
Net Cash Flow	(42,829.30)	(7,266.26)	(10,669.69)	13,750.74	24,496.74	12,844.74	34,139.74
Cash End of Month	156,867.70	149,601.44	138,931.75	152,682.49	177,179.23	190,023.97	224,163.71

In re Mineral Resources International

CASH FLOW PROJECTIONS FOR THE 6 MONTH PERIOD:
APRIL 2014 THROUGH SEPTEMBER 2014

	Budgeted 4/1/14-10/31/	April	May	June	July	August	September
Other Expenses							
Royalties				5,000.00			
Lease	2,541.00	2,541.00	2,541.00	2,541.00	2,541.00	2,541.00	2,541.00
travel	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
commissions	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
NS fuel		1,800.00		1,800.00		1,800.00	-
Bank & Licensing Fees	200.00	200.00	1,200.00	415.00	200.00	200.00	200.00
Appraisal & Permit		12,000.00	-		500.00		
Legal costs	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Inventory Surcharge		2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Marketing/Advertising	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Copier Lease	387.12	387.12	387.12	387.12	387.12	387.12	387.12
	17,628.12	33,428.12	20,628.12	26,643.12	20,128.12	21,428.12	19,628.12

CERTIFICATE OF MAILING

I hereby certify that on March 21, 2014 I mailed a copy of this foregoing Motion for Use of Cash Collateral and Notice of Opportunity for Hearing and all attachments to the 20 Largest Unsecured Claims list and the following:

US Trustee Laurie Cayton via ECF

Salt Lake Minerals LLC via First-Class Mail
950 W. Kershaw Ave., Unit F
Ogden, UT 84401

March 21, 2014
Date